

**REPORT OF THE AUDIT OF THE  
OLDHAM COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Duane Murner, Oldham County Judge/Executive

Members of the Oldham County Fiscal Court

The enclosed report prepared by Tichenor & Associates, LLP, Certified Public Accountants, presents the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oldham County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements.

We engaged Tichenor & Associates, LLP to perform the audit of these financial statements. We worked closely with the firm during our report review process; Tichenor & Associates, LLP evaluated the Oldham County's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen".

Crit Luallen

Auditor of Public Accounts

Enclosure





## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE OLDHAM COUNTY FISCAL COURT**

**June 30, 2009**

Tichenor & Associates, LLP, has completed the audit of the Oldham County Fiscal Court for fiscal year ended June 30, 2009.

The financial statements of the County's discretely presented component units, the Oldham County Sewer District and the Oldham County Stormwater Management District, have been omitted from the County's basic financial statements. As a result, we have issued an adverse opinion on the aggregate discretely presented component units.

We have issued unqualified opinions on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Oldham County, Kentucky. In accordance with OMB Circular A-133, we have issued an unqualified opinion on the compliance requirements that are applicable to Oldham County's major federal programs: Highway Planning and Construction (CFDA #20.205) and Disaster Grants - Public Assistance (CFDA #97.036).

#### **Financial Condition:**

The fiscal court had net assets of \$20,961,050 as of June 30, 2009. The fiscal court had unrestricted net assets of \$6,100,519 in its governmental activities as of June 30, 2009, with total net assets of \$20,933,463. In its business-type activities, total net cash and cash equivalents were \$27,587 with total net assets of \$27,587. The fiscal court had total debt principal as of June 30, 2009 of \$14,157,377 with \$671,000 due within the next year.

#### **Report Comment:**

2009-1 Jail Canteen Lacks Adequate Segregation Of Duties Over Receipts And Expenditures

#### **Deposits:**

The fiscal court deposits were insured and collateralized by bank securities.



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**TICHENOR & ASSOCIATES, LLP**  
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To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary

Finance and Administration Cabinet

Honorable Duane Murner, Oldham County Judge/Executive

Members of the Oldham County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oldham County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oldham County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Oldham County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The financial statements do not include financial data of the Oldham County Sewer District or the Oldham County Stormwater Management District, entities that meet the criteria to be reported as legally separate discretely presented component units of Oldham County, Kentucky. As financial data for these entities is not available, the effects of this omission are not reasonably determinable.

In our opinion, because of the omission of the discretely presented component units, as discussed above, the financial statements referred to above do not present fairly, the financial position of the aggregate discretely presented component units of Oldham County, Kentucky, as of June 30, 2009, or the changes in financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Oldham County, Kentucky, as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.

To the People of Kentucky  
Honorable Steven L. Beshear, Governor  
Jonathan Miller, Secretary  
Finance and Administration Cabinet  
Honorable Duane Murner, Oldham County Judge/Executive  
Members of the Oldham County Fiscal Court

The County has chosen not to present the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The budgetary comparison information is not a required part of the basic financial statements but is supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the budgetary comparison information. However, we did not audit it and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oldham County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2010 on our consideration of Oldham County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the accompanying schedule of findings and questioned costs, included herein, which discusses the following report comment:

2009-1 Jail Canteen Lacks Adequate Segregation Of Duties Over Receipts And Expenditures

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

February 10, 2010

OLDHAM COUNTY OFFICIALS

For The Year Ended June 30, 2009

**Fiscal Court Members:**

Duane Murner	County Judge/Executive
Steve Church	Magistrate
David Voegelé	Magistrate
Robert Leslie	Magistrate
Stephen Greenwell, Sr.	Magistrate
Iva Davis	Magistrate
Scott Davis	Magistrate
Rick Rash	Magistrate
Robert Deibel, Jr.	Magistrate

**Other Elected Officials:**

John Fendley	County Attorney
Mike Simpson	Jailer
Julie Barr	County Clerk
Linda Mason	Circuit Court Clerk
Steve Sparrow	Sheriff
Ron Winters	Property Valuation Administrator
Brett Donner	Coroner

**Appointed Personnel:**

J. Stanley Clark	County Treasurer
Shawn Boyle	Finance Officer
Susan Ripperdan	Payroll Officer

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**OLDHAM COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**OLDHAM COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 6,216,266	\$ 27,587	\$ 6,243,853
Investments	665,005		665,005
Note Receivable	85,000		85,000
Total Current Assets	6,966,271	27,587	6,993,858
Noncurrent Assets:			
Note Receivable	3,340,000		3,340,000
Capital Assets			
Land and Land Improvements	1,348,711		1,348,711
Buildings	16,162,828		16,162,828
Building Improvements	1,678,664		1,678,664
Vehicles	2,967,500		2,967,500
Equipment	2,740,977		2,740,977
Infrastructure	15,809,279		15,809,279
Less: Accumulated Depreciation	(15,923,390)		(15,923,390)
Total Noncurrent Assets	28,124,569		28,124,569
Total Assets	35,090,840	27,587	35,118,427
<b>LIABILITIES</b>			
Current Liabilities:			
General Obligation Bonds Payable	315,000		315,000
Revenue Bonds Payable	175,000		175,000
Financing Obligations Payable	181,000		181,000
Total Current Liabilities	671,000		671,000
Noncurrent Liabilities:			
General Obligations Note	5,438,377		5,438,377
General Obligation Bonds Payable	3,650,000		3,650,000
Revenue Bonds Payable	855,000		855,000
Financing Obligations Payable	3,543,000		3,543,000
Total Noncurrent Liabilities	13,486,377		13,486,377
Total Liabilities	14,157,377		14,157,377
<b>NET ASSETS</b>			
Invested in Capital Assets,			
Net of Related Debt	14,052,192		14,052,192
Restricted For:			
Debt Service	780,752		780,752
Unrestricted	6,100,519	27,587	6,128,106
Total Net Assets	\$ 20,933,463	\$ 27,587	\$ 20,961,050

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**

**OLDHAM COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Functions/Programs Reporting Entity	Expenses	Program Revenues Received		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 8,363,904	\$ 289,603	\$ 348,017	\$
Protection to Persons and Property	6,471,153	1,806,368	716,422	
General Health and Sanitation	812,408	238,617	74,672	350,501
Social Services	23,000			
Recreation and Culture	1,057,082	253,550	43,759	367,329
Roads	2,344,686	4,882	208,767	1,994,686
Airports	17,980		41,918	
Bus Services	216,731		142,731	
Other Transportation Facilities and Services	1,084,499			
Debt Service	477,733			
Capital Projects	844,057			
Total Governmental Activities	21,713,233	2,593,020	1,576,286	2,712,516
Business-type Activities:				
Jail Canteen	183,682	184,817		
Total Business-type Activities	183,682	184,817		
Total Primary Government	\$ 21,896,915	\$ 2,777,837	\$ 1,576,286	\$ 2,712,516

**General Revenues:**

Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Other Taxes

Excess Fees

Unrestricted Investment Earnings

Miscellaneous Revenues

Gain on Sale of Capital Assets

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

**OLDHAM COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Net (Expenses) Revenues and Changes in Net Assets</b>		
<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
\$ (7,726,284)	\$	\$ (7,726,284)
(3,948,363)		(3,948,363)
(148,618)		(148,618)
(23,000)		(23,000)
(392,444)		(392,444)
(136,351)		(136,351)
23,938		23,938
(74,000)		(74,000)
(1,084,499)		(1,084,499)
(477,733)		(477,733)
(844,057)		(844,057)
(14,831,411)		(14,831,411)
	1,135	1,135
	1,135	1,135
\$ (14,831,411)	\$ 1,135	\$ (14,830,276)
4,688,523		4,688,523
28,950		28,950
590,156		590,156
5,592,531		5,592,531
450,300		450,300
106,725		106,725
290,611		290,611
3,392		3,392
11,751,188		11,751,188
(3,080,223)	1,135	(3,079,088)
24,013,686	26,452	24,040,138
\$ 20,933,463	\$ 27,587	\$ 20,961,050

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

**OLDHAM COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>	<b>Public Facilities Construction Corporation Fund</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,288,462	\$ 1,766,077	\$ 88,627	\$ 173,695	\$ 19,915
Investments	665,005				
Total Assets	<u>3,953,467</u>	<u>1,766,077</u>	<u>88,627</u>	<u>173,695</u>	<u>19,915</u>
<b>FUND BALANCES</b>					
Unreserved:					
General Fund	3,953,467				
Special Revenue Funds		1,766,077	88,627	173,695	
Debt Service Fund					19,915
Total Fund Balances	<u>\$ 3,953,467</u>	<u>\$ 1,766,077</u>	<u>\$ 88,627</u>	<u>\$ 173,695</u>	<u>\$ 19,915</u>

**Reconciliation of the Balance Sheet - Governmental Funds To The Statement Of Net Assets**

Total Fund Balances

Amounts Reported for Governmental Activities in the Statement  
of Net Assets Are Different Because:

Notes Receivable Used in Governmental Activities Are Not Financial Resources  
and Therefore Are Not Reported in the Funds

Capital Assets Used in Governmental Activities Are Not Financial Resources  
and Therefore Are Not Reported in the Funds.

Accumulated Depreciation

Long-term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not  
Reported in the Funds.

Financing Obligations

Revenue Bonds

General Obligation Bonds

General Obligation Notes

Net Assets Of Governmental Activities

The accompanying notes are an integral part of the financial statements.

## OLDHAM COUNTY

## BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2009

(Continued)

General Obligation Bond Fund	Non- Major Funds	Total Governmental Funds
\$ 760,837	\$ 118,653	\$ 6,216,266
		665,005
<u>760,837</u>	<u>118,653</u>	<u>6,881,271</u>
		3,953,467
	118,653	2,147,052
<u>760,837</u>		<u>780,752</u>
<u>\$ 760,837</u>	<u>\$ 118,653</u>	<u>\$ 6,881,271</u>
		\$ 6,881,271
		3,425,000
		40,707,959
		(15,923,390)
		(3,724,000)
		(1,030,000)
		(3,965,000)
		<u>(5,438,377)</u>
		<u>\$ 20,933,463</u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>REVENUES</b>				
Taxes	\$ 8,800,408	\$ 605,066	\$	\$ 123,042
In Lieu of Tax Payments	565,000			
Excess Fees	450,300			
Licenses and Permits	257,064			
Intergovernmental	766,741	1,281,518	1,509,979	2,095,494
Charges for Services	468,006	4,882	177,215	
Miscellaneous	458,002	1,302	72,842	3,056
Interest	58,865	41,731	1,599	943
Total Revenues	<u>11,824,386</u>	<u>1,934,499</u>	<u>1,761,635</u>	<u>2,222,535</u>
<b>EXPENDITURES</b>				
General Government	2,809,663			7,103
Protection to Persons and Property	3,140,764		2,085,453	157,235
General Health and Sanitation	937,608			364,148
Social Services	23,000			
Recreation and Culture	831,297			126,430
Roads		2,382,785		
Airports				17,980
Bus Services				216,731
Other Transportation Facilities and Services				1,084,499
Debt Service	664,176			
Capital Projects				844,057
Administration	743,572			
Total Expenditures	<u>9,150,080</u>	<u>2,382,785</u>	<u>2,085,453</u>	<u>2,818,183</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>2,674,306</u>	<u>(448,286)</u>	<u>(323,818)</u>	<u>(595,648)</u>
<b>Other Financing Sources (Uses)</b>				
Debt Issuance				
Payments to Refunded Bond Escrow Agent				
Transfers From Other Funds	1,515,565	579,479	1,328,298	990,646
Transfers To Other Funds	(3,465,994)	(199,976)	(914,833)	(157,292)
Total Other Financing Sources (Uses)	<u>(1,950,429)</u>	<u>379,503</u>	<u>413,465</u>	<u>833,354</u>
Net Change in Fund Balances	723,877	(68,783)	89,647	237,706
Fund Balances - Beginning	3,229,590	1,834,860	(1,020)	(64,011)
Fund Balances - Ending	<u>\$ 3,953,467</u>	<u>\$ 1,766,077</u>	<u>\$ 88,627</u>	<u>\$ 173,695</u>

The accompanying notes are an integral part of the financial statements.

**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Public Facilities Construction Corporation Fund</b>	<b>General Obligation Bond Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$	\$	\$ 606,360	\$ 10,134,876
			565,000
			450,300
			257,064
16,349		258,823	5,928,904
			650,103
		4,836	540,038
805	351	2,431	106,725
17,154	351	872,450	18,633,010
			2,816,766
		1,115,133	6,498,585
			1,301,756
			23,000
			957,727
			2,382,785
			17,980
			216,731
			1,084,499
204,822	170,735		1,039,733
			844,057
			743,572
204,822	170,735	1,115,133	17,927,191
(187,668)	(170,384)	(242,683)	705,819
	5,438,377		5,438,377
	(4,507,156)		(4,507,156)
		646,595	5,060,583
		(322,488)	(5,060,583)
	931,221	324,107	931,221
(187,668)	760,837	81,424	1,637,040
207,583		37,229	5,244,231
\$ 19,915	\$ 760,837	\$ 118,653	\$ 6,881,271

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**OLDHAM COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds	\$ 1,637,040
Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the Cost of those Assets Is Allocated Over Their Estimated Useful Lives and Reported as Depreciation Expense.	
Capital Outlay	2,008,351
Depreciation Expense	(1,846,737)
Assets Disposed of, Net Book Value	(2,500)
Payment on Receivable Provides for Current Financial Resources to Governmental Funds, While at the Government-wide Level, a Reduction of the Receivable Occurs. These Transactions Have No Effect on Net Assets.	
	(85,000)
Financing Obligation Proceeds Provide a Current Financial Resource to Governmental Funds While Lease and Bond Principle Payments Are Expensed In the Governmental Funds as a Use of Current Financial Resources. These transactions have been eliminated on the Statement of Activities.	
Debt Issuance	(5,438,377)
General Obligation Bond Principal Payments	300,000
Revenue Bond Principal Payments	170,000
Financing Obligation Principal Payments	<u>177,000</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (3,080,223)</u></u>

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**OLDHAM COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2009**



**OLDHAM COUNTY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>Business-Type Activity</b>
	<b>Enterprise Fund</b>
	<b>Jail Canteen Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 27,587
Total Current Assets	<u>27,587</u>
<b>Net Assets</b>	
Unrestricted	<u>27,587</u>
Total Net Assets	<u><u>\$ 27,587</u></u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**OLDHAM COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -**  
**PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<u><b>Business-Type Activity</b></u>
	<u><b>Enterprise Fund</b></u>
	<u><b>Jail Canteen Fund</b></u>
<b>Operating Revenues</b>	
Canteen Revenues	\$ 184,817
Total Operating Revenues	<u>184,817</u>
<b>Operating Expenses</b>	
Cost of goods sold and other expenses	<u>183,682</u>
Total Operating Expenses	<u>183,682</u>
Operating Income	<u>1,135</u>
Change In Net Assets	1,135
Total Net Assets - Beginning (Restated)	<u>26,452</u>
Total Net Assets - Ending	<u><u>\$ 27,587</u></u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**OLDHAM COUNTY**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>Business-Type</b> <b>Activity</b> <hr/> <b>Enterprise</b> <b>Fund</b> <hr/> <b>Jail</b> <b>Canteen</b> <b>Fund</b> <hr/>
<b>Cash Flows From Operating Activities</b>	
Cash payments from customers	\$ 184,817
Cash payments to vendors for goods and services	<u>(183,682)</u>
Net Cash Provided By Operating Activities	<u>1,135</u>
Net Increase in Cash and Cash Equivalents	1,135
Cash and Cash Equivalents - July 1, 2008 (Restated)	<u>26,452</u>
Cash and Cash Equivalents - June 30, 2009	<u><u>\$ 27,587</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating Income	<u>\$ 1,135</u>
Net Cash Provided By Operating Activities	<u><u>\$ 1,135</u></u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**OLDHAM COUNTY**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>Agency Funds</b>		
	<b>Planning and Zoning Bond Escrow Fund</b>	<b>County Police Seized Funds Fund</b>	<b>Total Agency Funds</b>
<b>Assets</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 366,708	\$ 17,818	\$ 384,526
Total Assets	<u>366,708</u>	<u>17,818</u>	<u>384,526</u>
<b>Liabilities</b>			
Amounts Held In Custody For Others	<u>366,708</u>	<u>17,818</u>	<u>384,526</u>
Total Liabilities	<u>366,708</u>	<u>17,818</u>	<u>384,526</u>
<b>Net Assets</b>			
Total Net Assets	<u>\$</u>	<u>\$</u>	<u>\$</u>

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES  
TO THE FINANCIAL STATEMENTS**

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**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on the Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however, the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Oldham County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

**Blended Component Unit**

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

**Oldham County Public Facilities Construction Corporation**

The Public Facilities Construction Corporation (PFCC) was created for the financing and renovation of the Oldham County Courthouse and financing and construction of a recreation center. Fiscal Court has the authority to appoint a voting majority of the PFCC's board of directors and PFCC was deemed a component unit of the County. Financial information for the Public Facilities Construction Corporation is blended within Oldham County's financial statements and is presented as the Public Facilities Construction Corporation Fund.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Reporting Entity (Continued)**

Discretely Presented Component Units

Oldham County Sewer District

The Oldham County Sewer District (District) was created and exists pursuant to the provisions of KRS 67.083(3)(c), (h), and (r); KRS 67.715(2); and by the Fiscal Court. The District was created with the mission to provide a coordinated design and operational solution for wastewater service in Oldham County. The Fiscal Court appoints a majority of the District's board and the District was deemed a component unit of Oldham County Fiscal Court. However, this component unit has been omitted from the County's financial statements.

Oldham County Stormwater Management District

The Oldham County Stormwater Management District (District) was created and exists pursuant to the provisions of KRS 67.083(3)(c), (h), and (r); KRS 67.715(2); and by the Fiscal Court. The District was created for the improvement of water quality through the Municipal Separate Storm Sewer System (MS4) Phase II program, to prevent and correct the pollution of streams, and to construct storm water facilities in Oldham County. The Fiscal Court has the authority to appoint a majority of the District's board and the District was deemed a component unit of Oldham County Fiscal Court. However, this component unit has been omitted from the County's financial statements.

Oldham County Airport Board

The Oldham County Airport Board was created to study whether a general aviation airport was feasible for Oldham County. The Board had no assets or activity on its own in fiscal year 2009 and was disbanded in February 2009.

**C. Oldham County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Oldham County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities, and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Oldham County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds**

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Department of Local Government requires the fiscal court to maintain these revenues and expenditures separately from the general fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department of Local Government requires the fiscal court to maintain these revenues and expenditures separately from the General Fund.

Local Government Economic Assistance Fund - The primary purpose of this fund is to account for grants and related expenditures. The primary sources of revenues for this fund are grants from the state and federal governments.

Public Facilities Construction Corporation Fund - The primary purpose of this fund is to account for the proceeds and debt service of revenue bonds that were issued to fund construction of public buildings.

General Obligation Bond Fund - The purpose of this fund is to account for debt service requirements of the general obligation refunding bond, Series 2008. The Department for Local Government does not require the Fiscal Court to report or budget these funds.

The primary government also has the following non-major funds: County Police Accounts Fund, Central Dispatch Fund, Local Emergency Planning Committee Fund, and the Homeland Security Fund. These funds are used to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**Special Revenue Funds:**

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Central Dispatch Fund, Local Emergency Planning Committee Fund, Homeland Security Fund, and the County Police Accounts Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**Debt Service Fund:**

The Public Facilities Construction Corporation Fund and the General Obligation Bond Fund are debt service funds. Debt service funds are to account for the accumulation of resources for, and the payment of general long-term debt principal and interest.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The primary government reports the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**Fiduciary Funds**

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

The primary government reports the following agency funds:

Planning and Zoning Bond Escrow Fund - This fund accounts for funds received from contractors, which are held until a project is finished.

County Police Seized Funds Fund - This fund accounts for funds seized by the Oldham County Police and is held until the court system issues orders on what to do with the funds.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4). Investments are recorded at cost and changes in fair market value of investments are not recorded.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, building improvements, equipment, vehicles and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	\$ 5,000	20-25
Buildings and Building Improvements	\$ 5,000	10-60
Equipment	\$ 5,000	3-20
Vehicles	\$ 5,000	3-12
Infrastructure	\$ 5,000	12-25

**G. Long-term Obligations**

In the government-wide financial statements and proprietary fund in the fund financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes, and financing obligations is reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**H. Fund Equity (Continued)**

“Reserved for Encumbrances” are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. Formal budgets are not adopted for the Public Facilities Construction Corporation Fund and the Jail Canteen Fund.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The State Local Finance Officer does not require the Jail Canteen Fund to be budgeted because the fiscal court does not approve the expenses of these funds.

The State Local Finance Officer does not require the Public Facilities Construction Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund to comply with these requirements.

**J. Related Organizations and Joint Venture**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization’s governing board. Based on these criteria, the following are considered related organizations of Oldham County Fiscal Court: Oldham County Ambulance Service and the Oldham County Public Library. The fiscal court’s accountability for these organizations, however, does not extend beyond making the appointments.

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the Oldham-LaGrange Development Authority is considered a joint venture of the Oldham County Fiscal Court and the City of LaGrange, Kentucky.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 2. Deposits and Investments**

**A. Deposits**

The primary government maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

**B. Investments**

As of June 30, 2009, the County had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Cost</u>	<u>Rating</u>	<u>Concentration</u>
<b>Primary Government:</b>				
Federal National Mortgage Assoc. Note	12/10/12	\$ 165,000	AAA	0.2481
Federal Home Loan Bank Bond	6/11/13	<u>500,005</u>	AAA	<u>0.7519</u>
Total		<u>\$ 665,005</u>		<u>1.0000</u>

**Interest Rate Risk**

The County does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to losses arising from changes in interest rates.



**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

**Credit Risk and Concentration of Credit Risk.** KRS 66.480 limits the County's investments in the following: obligations of the United States and of its agencies and instrumentalities, including obligations subject to repurchase agreements, obligations and contracts for future delivery or purchase of obligations backed by the United States or its agencies and obligations of any corporation of the United States Government. Certificates of Deposit issued by or other interest bearing accounts of any bank or savings and loan institution insured by the Federal Deposit Insurance Corporation or similar entity. Uncollateralized certificates of deposit issued by any bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency. Bankers' acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency. Commercial paper rated in the highest category by a nationally recognized rating agency. Bonds or certificates of indebtedness of this state and of its agencies and instrumentalities. Securities issued by a state or local government, or any instrumentality or agency thereof, in the United States and rated in one of the three highest categories by a nationally recognized rating agency. Shares of mutual funds meeting specific characteristics outlined in the statute shall be eligible investments. Also, the County is limited to investing no more than 20% in any one of four specifically named investments as allowed by KRS 66.480: certificates of deposit issued by a bank or savings and loan institution rated in one of the three highest categories by a nationally recognized rating agency; banker's acceptances for banks rated in one of the three highest categories by a nationally recognized rating agency; commercial paper rated in the highest category by a nationally recognized rating agency; or securities issued by a state or local government, or any instrumentality or agency thereof, in the United States, and rated in one of the three highest categories by a nationally recognized rating agency. The County had no investment policy that would further limit its investment choices. In general, U. S. government obligation or obligations guaranteed by the U. S. government are not subject to investment credit risk or concentration of credit risk.

**Custodial Credit Risk**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the county will not be able to recover the value of its investments held in the possession of an outside party. The County does not have an investment policy for custodial credit risk. As of June 30, 2009, all investments were covered by either Securities Investors Protection Corporation (SIPC), Customer Asset Protection Company, a standard Form 14 bond underwritten by AIG, or Underwriters at London.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			
	Restated Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 1,348,711	\$	\$	\$ 1,348,711
Construction In Progress	385,562		(385,562)	
Total Capital Assets Not Being Depreciated	1,734,273		(385,562)	1,348,711
Capital Assets, Being Depreciated:				
Buildings	16,162,828			16,162,828
Building Improvements	568,177	1,110,487		1,678,664
Vehicles	2,937,662	127,311	(97,473)	2,967,500
Equipment	2,668,750	72,227		2,740,977
Infrastructure	14,725,391	1,083,888		15,809,279
Total Capital Assets Being Depreciated	37,062,808	2,393,913	(97,473)	39,359,248
Less Accumulated Depreciation For:				
Buildings	(3,650,401)	(303,432)		(3,953,833)
Building Improvements	(161,218)	(61,741)		(222,959)
Vehicles	(2,000,532)	(285,227)	94,973	(2,190,786)
Equipment	(1,567,048)	(244,158)		(1,811,206)
Infrastructure	(6,792,427)	(952,179)		(7,744,606)
Total Accumulated Depreciation	(14,171,626)	(1,846,737)	94,973	(15,923,390)
Total Capital Assets, Being Depreciated, Net	22,891,182	547,176	(2,500)	23,435,858
Governmental Activities Capital Assets, Net	\$ 24,625,455	\$ 547,176	\$ (388,062)	\$ 24,784,569

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 315,571
Protection to Persons and Property	278,284
General Health and Sanitation	52,941
Recreation and Culture	134,946
Roads, Including Depreciation of General Infrastructure Assets	<u>1,064,995</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,846,737</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt**

**A. Fiscal Court Building-Financing Obligations**

On June 8, 1992, the fiscal court entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$1,381,000 at 5.49 percent for work on the Oldham County Fiscal Court Building. The lease was refinanced on May 7, 2001. The lease term for this agreement is 11 years at an interest rate of 4.2% with the balance to be paid in full January 20, 2012. The principal balance on the lease was \$299,000 as of June 30, 2009. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Scheduled Interest
2010	\$ 96,000	\$ 12,902
2011	100,000	8,037
2012	103,000	2,993
Totals	<u>\$ 299,000</u>	<u>\$ 23,932</u>

**B. Sewer District-Financing Obligations and Note Receivable**

On June 14, 2001, the fiscal court on behalf of the Oldham County Sewer District entered into an agreement with the Kentucky Association of Counties Leasing Trust Program in the amount of \$4,000,000 at an interest rate of 4.94% for acquisition of various local wastewater treatment facilities, renovation thereto, and the professional and administrative fees incurred in this acquisition. The lease term is for 30 years with the balance to be paid in full on January 20, 2031. The Oldham County Sewer District makes the principal and interest payments to U.S.Bank (the trustee). The principal and note receivable balance on the lease was \$3,425,000 as of June 30, 2009. Principal payment requirements and scheduled interest for the remaining term of the agreement are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Scheduled Interest
2010	\$ 85,000	\$ 177,604
2011	90,000	188,952
2012	95,000	183,683
2013	100,000	178,129
2014	105,000	172,288
2015-2019	625,000	761,504
2020-2024	800,000	559,083
2025-2029	1,030,000	300,139
2030-2031	495,000	31,110
Totals	<u>\$ 3,425,000</u>	<u>\$ 2,552,492</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**C. General Obligation Bonds, Series 2002-Fiscal Court Building**

Oldham County Fiscal Court issued general obligation bonds of \$3,170,000, series 2002, dated June 20, 2002, to finance a portion of the costs of acquiring, constructing and equipping additions to the county courthouse annex (the fiscal court building). These bonds were issued at varying interest rates ranging from 2.250% to 4.7%, and will be retired by June 1, 2022. Interest payments are due on December 1 and interest and principal June 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 135,000	\$ 102,481
2011	145,000	97,284
2012	150,000	91,556
2013	155,000	85,481
2014	160,000	79,087
2015-2019	915,000	283,790
2020-2022	660,000	62,875
Totals	<u>\$ 2,320,000</u>	<u>\$ 802,554</u>

**D. First Mortgage Revenue Bond, Refunding Series 2004-Courthouse**

Oldham County Public Facilities Construction Corporation issued first mortgage revenue bonds; series 2004, dated November 1, 2004, to advance refund the 1994 series, which was used to fund renovation of the Oldham County Courthouse. The 2004 series bonds were issued at varying interest rates ranging from 1.9% to 3.5%, and will be retired by February 1, 2015. Interest payments are due on February 1 and interest and principal August 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 175,000	\$ 30,248
2011	180,000	25,097
2012	185,000	19,484
2013	190,000	13,435
2014	200,000	6,900
2015	100,000	1,750
Totals	<u>\$ 1,030,000</u>	<u>\$ 96,914</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**E. General Obligation Bonds, Refunding Series 2006-Recreation Center**

Oldham County Fiscal Court issued general obligation bonds of \$2,160,000; series 2006, dated July 1, 2006, to advance refund the Oldham County Public Facilities Construction Corporation Mortgage Revenue Bonds (Recreation Center Project), Series 1997, dated June 1, 1997. The 2006 series bonds were issued at varying interest rates ranging from 3.7% to 4.0%, and will be retired by June 1, 2017. Interest payments are due on December 1 and interest and principal June 1. Principal payment requirements and scheduled interest for the retirement of the bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$ 180,000	\$ 62,970
2011	190,000	56,310
2012	195,000	49,280
2013	200,000	42,065
2014	205,000	34,565
2015-2017	675,000	54,360
Totals	<u>\$ 1,645,000</u>	<u>\$ 299,550</u>

**F. General Obligation Notes, Refunding Series 2008 - Industrial Park Project**

Oldham County Fiscal Court issued general obligation notes of \$5,438,377, series 2008, dated November 25, 2008, for the purpose of refunding some of the Oldham-LaGrange Development Authority's General Obligation Lease Revenue Notes, 2005 Series A, 2005 Series B, 2005 Series C, and 2005 Series D dated July 1, 2005. The 2008 series notes were issued at an interest rate of 2.79% and will be retired by December 1, 2012. Interest payments are due on the first of each month with the entire principal balance due on December 1, 2012. Principal payment requirements and scheduled interest for the retirement of the note is as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2010	\$	\$ 153,838
2011		153,838
2012		154,260
2013	5,438,377	77,130
Totals	<u>\$ 5,438,377</u>	<u>\$ 539,066</u>

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**G. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
General Obligation Notes	\$	\$ 5,438,377	\$	\$ 5,438,377	\$
General Obligation Bonds	4,265,000		300,000	3,965,000	315,000
Revenue Bonds	1,200,000		170,000	1,030,000	175,000
Financing Obligations	3,901,000		177,000	3,724,000	181,000
Governmental Activities					
Long-term Liabilities	<u>\$ 9,366,000</u>	<u>\$ 0</u>	<u>\$ 647,000</u>	<u>\$ 8,719,000</u>	<u>\$ 671,000</u>

**Note 5. Commitment**

Oldham-LaGrange Development Authority, a joint venture of Oldham County Fiscal Court and City of LaGrange, issued General Obligation Lease Revenue Notes, 2005 Series A, 2005 Series B, 2005 Series C, and 2005 Series D dated July 1, 2005 for \$10,000,000, for the purchase of land and infrastructure improvements thereto, to be used for economic development purposes. These bonds were issued at varying interest rates ranging from 3.75% to 4.4%. On November 25, 2008, Oldham County Fiscal Court advance refunded the entire Series A and Series B notes and a portion of the Series C and Series D notes.

**Note 6. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

Hazardous covered employees are required to contribute 8 percent of their salary to the plan. Hazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 9 percent of their salary to be allocated as follows: 8% will go to the member's account and 1% will go to the KRS insurance fund. The county's contribution rate for hazardous employees was 29.50 percent.

The county's contribution for FY 2007 was \$1,056,597, FY 2008 was \$1,265,776, and FY 2009 was \$1,890,151.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 6. Employee Retirement System (Continued)**

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55. For hazardous employees who begin participation on or after September 1, 2008 aspects of benefits include retirement after 25 years of service or the member is age 60, with a minimum of 60 months of service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 7. Deferred Compensation**

On February 24, 2000, the Oldham County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

Historical trend information showing The Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in The Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 101 Sea Hero Road, Suite 110, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

**Note 8. Insurance**

For the fiscal year ended June 30, 2009, Oldham County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 9. Interest On Long-term Debt**

Debt Service on the Statement of Activities includes \$17,568 in interest on financing obligations and \$289,767 in interest on bonds.

**OLDHAM COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 10. Prior Period Adjustments**

The beginning net assets of the governmental activities was increased by \$501 due to errors in capital asset depreciation calculations in the prior year.

The beginning net assets of the business-type activities was decreased by \$135 due to accounting errors in the prior year that were adjusted in the current year.

As previously stated in Note 1, the two discretely presented component units have been omitted from the financial statements. The Oldham County Sewer District was presented in the prior year and had net assets at June 30, 2008 of \$7,407,175.

**Note 11. Subsequent Event**

The Oldham County Fiscal Court issued General Obligation Refunding Bonds in the amount of \$7,425,000 dated October 1, 2009, for the purpose of refinancing some of the debt of the Oldham County Sewer District.



**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**



**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 8,631,538	\$ 8,631,538	\$ 8,800,408	\$ 168,870
In Lieu Taxes Payments	565,000	565,000	565,000	
Excess Fees	412,000	412,000	450,300	38,300
Licenses and Permits	478,500	478,500	257,064	(221,436)
Intergovernmental Revenue	450,500	450,500	766,741	316,241
Charges for Services	484,505	484,505	468,006	(16,499)
Miscellaneous	115,000	115,000	458,002	343,002
Interest	120,000	120,000	58,865	(61,135)
Total Revenues	<u>11,257,043</u>	<u>11,257,043</u>	<u>11,824,386</u>	<u>567,343</u>
<b>EXPENDITURES</b>				
General Government	2,711,102	2,783,163	2,809,663	(26,500)
Protection to Persons and Property	3,557,810	3,330,477	3,140,764	189,713
General Health and Sanitation	1,209,312	1,150,557	937,608	212,949
Social Services	23,000	23,000	23,000	
Recreation and Culture	849,070	866,070	831,297	34,773
Debt Service	695,612	670,212	664,176	6,036
Administration	572,212	743,739	743,572	167
Total Expenditures	<u>9,618,118</u>	<u>9,567,218</u>	<u>9,150,080</u>	<u>417,138</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,638,925</u>	<u>1,689,825</u>	<u>2,674,306</u>	<u>984,481</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds			1,515,565	1,515,565
Transfers To Other Funds	<u>(1,638,925)</u>	<u>(1,638,925)</u>	<u>(3,465,994)</u>	<u>(1,827,069)</u>
Total Other Financing Sources (Uses)	<u>(1,638,925)</u>	<u>(1,638,925)</u>	<u>(1,950,429)</u>	<u>(311,504)</u>
Net Changes in Fund Balance		50,900	723,877	672,977
Fund Balance - Beginning			<u>3,229,590</u>	<u>3,229,590</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 50,900</u>	<u>\$ 3,953,467</u>	<u>\$ 3,902,567</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>ROAD FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 669,500	\$ 669,500	\$ 605,066	\$ (64,434)
Intergovernmental Revenue	738,623	738,623	1,281,518	542,895
Charges for Services			4,882	4,882
Miscellaneous	4,000	4,000	1,302	(2,698)
Interest	69,500	69,500	41,731	(27,769)
Total Revenues	<u>1,481,623</u>	<u>1,481,623</u>	<u>1,934,499</u>	<u>452,876</u>
<b>EXPENDITURES</b>				
Roads	2,499,694	2,597,194	2,382,785	214,409
Total Expenditures	<u>2,499,694</u>	<u>2,597,194</u>	<u>2,382,785</u>	<u>214,409</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(1,018,071)</u>	<u>(1,115,571)</u>	<u>(448,286)</u>	<u>667,285</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	1,018,071	1,018,071	579,479	(438,592)
Transfers To Other Funds			(199,976)	(199,976)
Total Other Financing Sources (Uses)	<u>1,018,071</u>	<u>1,018,071</u>	<u>379,503</u>	<u>(638,568)</u>
Net Changes in Fund Balance		(97,500)	(68,783)	28,717
Fund Balance - Beginning		<u>80,000</u>	<u>1,834,860</u>	<u>1,754,860</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (17,500)</u>	<u>\$ 1,766,077</u>	<u>\$ 1,783,577</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>JAIL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts,</b>	<b>Final Budget</b>
			<b>(Budgetary</b>	<b>Positive</b>
			<b>Basis)</b>	<b>(Negative)</b>
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 1,379,416	\$ 1,379,416	\$ 1,509,979	\$ 130,563
Charges for Services	173,400	173,400	177,215	3,815
Miscellaneous	54,000	54,000	72,842	18,842
Interest	150	150	1,599	1,449
Total Revenues	<u>1,606,966</u>	<u>1,606,966</u>	<u>1,761,635</u>	<u>154,669</u>
<b>EXPENDITURES</b>				
Protection to Persons and Property	<u>1,969,452</u>	<u>2,100,252</u>	<u>2,085,453</u>	<u>14,799</u>
Total Expenditures	<u>1,969,452</u>	<u>2,100,252</u>	<u>2,085,453</u>	<u>14,799</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(362,486)</u>	<u>(493,286)</u>	<u>(323,818)</u>	<u>169,468</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	362,486	362,486	1,328,298	965,812
Transfers To Other Funds			(914,833)	(914,833)
Total Other Financing Sources (Uses)	<u>362,486</u>	<u>362,486</u>	<u>413,465</u>	<u>50,979</u>
Net Changes in Fund Balance		(130,800)	89,647	220,447
Fund Balance - Beginning		<u>50,000</u>	<u>(1,020)</u>	<u>(51,020)</u>
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ (80,800)</u>	<u>\$ 88,627</u>	<u>\$ 169,427</u>

**OLDHAM COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	Local Government Economic Assistance Fund			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$	\$	\$ 123,042	\$ 123,042
Intergovernmental Revenue	3,333,115	3,833,115	2,095,494	(1,737,621)
Miscellaneous			3,056	3,056
Interest			943	943
Total Revenues	3,333,115	3,833,115	2,222,535	(1,610,580)
EXPENDITURES				
General Government		7,200	7,103	97
Protection to Persons and Property		161,000	157,235	3,765
General Health and Sanitation	12,000	364,700	364,148	552
Recreation and Culture	125,000	202,600	126,430	76,170
Airports		18,000	17,980	20
Bus Services	294,800	294,800	216,731	78,069
Other Transportation Facilities and Services	2,922,095	1,818,195	1,084,499	733,696
Capital Projects	154,810	1,056,810	844,057	212,753
Total Expenditures	3,508,705	3,923,305	2,818,183	1,105,122
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(175,590)	(90,190)	(595,648)	(505,458)
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	175,590	175,590	990,646	815,056
Transfers To Other Funds			(157,292)	(157,292)
Total Other Financing Sources (Uses)	175,590	175,590	833,354	657,764
Net Changes in Fund Balance		85,400	237,706	152,306
Fund Balance - Beginning			(64,011)	(64,011)
Fund Balance - Ending	\$ 0	\$ 85,400	\$ 173,695	\$ 88,295

**OLDHAM COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2009**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

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**OLDHAM COUNTY  
COMBINING BALANCE SHEET -  
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS  
Other Supplementary Information**

**June 30, 2009**



**OLDHAM COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

	<b>Central Dispatch Fund</b>	<b>Local Emergency Planning Committee Fund</b>	<b>Homeland Security Fund</b>	<b>County Police Accounts Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,683	\$ 1,604	\$ 9,889	\$ 101,477	\$ 118,653
Total Assets	<u>5,683</u>	<u>1,604</u>	<u>9,889</u>	<u>101,477</u>	<u>118,653</u>
<b>FUND BALANCES</b>					
Unreserved:					
Special Revenue Funds	<u>5,683</u>	<u>1,604</u>	<u>9,889</u>	<u>101,477</u>	<u>118,653</u>
Total Fund Balances	<u>\$ 5,683</u>	<u>\$ 1,604</u>	<u>\$ 9,889</u>	<u>\$ 101,477</u>	<u>\$ 118,653</u>

The accompanying notes are an integral part of the financial statements.

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**OLDHAM COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2009**



**OLDHAM COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>Central Dispatch Fund</b>	<b>Local Emergency Planning Committee Fund</b>	<b>Homeland Security Fund</b>	<b>County Police Accounts Fund</b>	<b>Total Non-Major Governmental Funds</b>
<b>REVENUES</b>					
Taxes	\$ 606,360	\$	\$	\$	\$ 606,360
Intergovernmental	207,207			51,616	258,823
Miscellaneous	4,836				4,836
Interest	922	13		1,496	2,431
Total Revenues	<u>819,325</u>	<u>13</u>		<u>53,112</u>	<u>872,450</u>
<b>EXPENDITURES</b>					
Protection to Persons and Property	1,077,662	73		37,398	1,115,133
Total Expenditures	<u>1,077,662</u>	<u>73</u>		<u>37,398</u>	<u>1,115,133</u>
Excess (deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>(258,337)</u>	<u>(60)</u>		<u>15,714</u>	<u>(242,683)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers From Other Funds	646,595				646,595
Transfers To Other Funds	(322,488)				(322,488)
Total Other Financing Sources (Uses)	<u>324,107</u>				<u>324,107</u>
Net Change in Fund Balances	65,770	(60)		15,714	81,424
Fund Balances - Beginning	(60,087)	1,664	9,889	85,763	37,229
Fund Balances - Ending	<u>\$ 5,683</u>	<u>\$ 1,604</u>	<u>\$ 9,889</u>	<u>\$ 101,477</u>	<u>\$ 118,653</u>

The accompanying notes are an integral part of the financial statements.

**OLDHAM COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Other Supplementary Information**

**Fiscal Year Ended June 30, 2009**

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through Department for Local Government:		
Community Development Block Grants/State's Program		
(CFDA 14.228)		
Senior Citizen's Center Expansion Project	06-003	\$ 259,688
<u>U.S. Environmental Protection Agency</u>		
Passed-Through State Department for Environmental		
Protection:		
Nonpoint Source Implementation Grant		
(CFDA 66.460)		
Nonpoint Source Pollution - Curry's Fork	C-994861-06	106,294
<u>U.S. Department of Homeland Security</u>		
Passed-Through State Department of Military Affairs:		
Disaster Grants - Public Assistance		
(CFDA 97.036) ***		
Wind Storm	FEMA-1802-DR-KY	153,043
Ice Storm	FEMA-1818-DR-KY	166,665
Total CFDA 97.036		319,708
Emergency Management Performance Grants		
(CFDA 97.042)		
EMA Director Salary Supplement	Not Available	15,699
Total U.S. Department of Homeland Security		335,407
<u>U.S. Department of Justice</u>		
Direct Program:		
Federal Drug Forfeiture Acct		
(CFDA 16.N/A)		
	Not Available	28,315



**OLDHAM COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Other Supplementary Information**  
**Fiscal Year Ended June 30, 2009**  
**(Continued)**

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Transportation</u>		
Passed-Through Kentucky Transportation Cabinet:		
Highway Planning and Construction (CFDA 20.205) ***		
Rail Underpass	05-434	\$ 57,015
Interurban Greenways Project	C-02286591	219,810
Highway 53 Access/Congestion Mitigation	C-05103257	66,474
Transit Express Bus Demonstration	C-05262512	161,280
Local (Section 5311)	KY18X23	<u>55,000</u>
Total CFDA 20.205		559,579
Passed-Through State Department of Highways		
State and Community Highway Safety (CFDA 20.600)		
Highway Safety	PT-09-36	8,162
Highway Safety	K2-09-70	<u>3,277</u>
Total CFDA 20.600		11,439
Total U.S. Department of Transportation		<u>571,018</u>
Total Cash Expenditures of Federal Awards		<u>\$ 1,300,722</u>

\*\*\* Tested as Major Programs

**OLDHAM COUNTY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Other Supplementary Information**  
**Fiscal Year Ended June 30, 2009**

- Note 1. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Oldham County Fiscal Court and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



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The Honorable Duane Murner, Oldham County Judge/Executive  
Members of the Oldham County Fiscal Court

Report On Internal Control Over Financial Reporting And On  
Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Oldham County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated February 10, 2010. Oldham County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The financial statements of the Oldham County Sewer District and the Oldham County Stormwater Management District, discretely presented component units, have not been included in the financial statements of the County, resulting in an adverse opinion on the aggregate discretely presented component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oldham County Fiscal Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oldham County Fiscal Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Oldham County Fiscal Court's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency in internal control over financial reporting.

Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above to be a material weakness.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Oldham County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Oldham County's response to the finding identified in our audit is included in the schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, others within the entity, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

February 10, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**





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The Honorable Duane Murner, Oldham County Judge/Executive  
Members of the Oldham County Fiscal Court

Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Oldham County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2009. Oldham County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Oldham County's management. Our responsibility is to express an opinion on Oldham County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Oldham County's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Oldham County's compliance with those requirements.

In our opinion, Oldham County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Oldham County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Oldham County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Oldham County's internal control over compliance.

Report On Compliance With Requirements  
Applicable To Each Major Program And On Internal Control  
Over Compliance In Accordance With OMB Circular A-133  
(Continued)

Internal Control Over Compliance (Continued)

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that a noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, the Department for Local Government, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

*Tichenor & Associates, LLP*

Tichenor & Associates, LLP

February 10, 2010

**OLDHAM COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2009**



**OLDHAM COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Fiscal Year Ended June 30, 2009**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses unqualified opinions on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Oldham County. An adverse opinion was expressed on the aggregate discretely presented component units.
2. One significant deficiency relating to the audit of the financial statements is reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Oldham County were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Oldham County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Oldham County reported in Part C of this schedule.
7. The programs tested as major programs were: Highway Planning and Construction (CFDA #20.205) and Disaster Grants - Public Assistance (CFDA #97.036).
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Oldham County was not determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

**INTERNAL CONTROL - SIGNIFICANT DEFICIENCY**

**2009-1 Jail Canteen Lacks Adequate Segregation Of Duties Over Receipts And Expenditures**

The Bookkeeper makes the deposits, signs most checks, makes entries into the Keefe accounting system, and performs bank reconciliations. The result of one person performing all of these duties increases the likelihood that errors or fraud could occur and go undetected by the internal control system. We recommend the following:

- Jailer review and initial bank reconciliations.
- Jailer review and initial monthly reports.

*County Jailer Mike Simpson's Response: "This procedure has already been implemented."*

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT**

None.

**D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**2008-2 Central Grant Management Procedures Should Be Improved.** This finding has been resolved.

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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**OLDHAM COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**





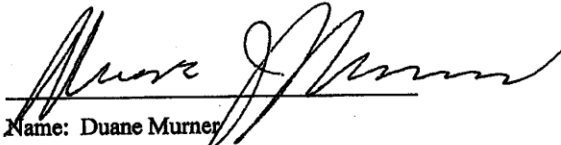
**CERTIFICATION OF COMPLIANCE**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**OLDHAM COUNTY FISCAL COURT**

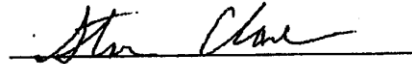
**Fiscal Year Ended June 30, 2009**

The Oldham County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended, as dictated by the applicable Kentucky Revised Statutes.



\_\_\_\_\_

Name: Duane Murner  
County Judge/Executive



\_\_\_\_\_

Name: Stan Clark  
County Treasurer

